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Message Text

CONFIDENTIAL

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71
ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 NSC-10 SS-15 STR-08

CEA-02 DODE-00 PA-03 USIA-15 PRS-01 DRC-01 /155 W
---------- 125076
R 121256Z OCT 73
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 1111

C O N F I D E N T I A L LA PAZ 5973
AE.O. 11652: GDS
TAGS: EFIN EAID BL
SUBJ: GOB CANCELS $225 MILLION LOAN AGREEMENTS

REF: LA PAZ 5370

1. BEGIN UNCLASSIFIED. PRESS SEPTEMBER 30 CARRIED REPORT GOB HAD DECIDED CANCEL $225 MILLION LOAN AGREEMENT WITH DAWSON ASSOCIATED. EL DIARIO RECALLED EX-MINFIN BEDREGAL'S EFFORTS SECURE $100 MILLION LOAN IN EUROPE ALSO A FAILURE.

2. BRIEF CANCELLATION ANNOUNCEMENT MADE BY MININFORMATION IN COMMUNIQUE THAT SIMPLY STATED THAT DURING PERIOD BEFORE FINAL CLOSING ON LOAN AGREEMENTS SEVERAL FACTORS THAT COULD INJURE THE STATE HAS APPEARED AND THAT, AS WITNESS TO SERIOUSNESS

OF GOB, IT HAD BEEN DECIDED TO LEAVE THE AGREEMENTS INEFFECTIVE. END UNCLASSIFIED.

3. BEGIN CONFIDENTUAL. WE UNDERSTAND COMMUNICATION HAS BEEN SENT TO DAWSON ASSOCIAZED, INVOKING CLAUSE 13 OF CONTRACTS WHICH PERMITS "ALTERATIONS" IN CONTRACT WITHIN A PERIOD FROM 76 TO 90 DAYS AFTER DATE OF SIGNATURE. GOB LAWYERS BELIEVE THIS CLAUSE ALLOWS SUFFICIENT SCOPE TO VITIAZE CONTRACT AND AVOID PENALZY CLAUSE WHICH CALLS FOR PAYMENT $USS5 MILLION IF BORROWER CANCELS CONFIDENTIAL

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CONTRACT. ALSO UNDERSTAND IMF HAS OFFERED INFORMAL SERVICES

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OF IMF LAWYER. IMF REP BELIEVES MINPLAN JULIO PRADO MAY BE ASKED
RESIGN AS HE AND EX-MINFIN BEDREGAL ARRANGED $225 MILLION LOAN.
END CONFIDENTIAL.
STEDMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAPAZ05973
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731034/aaaaazay.tel
Line Count: 65
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 LA PAZ 5370
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 14 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Dec-2001 by elbezefj>; APPROVED <05-Feb-2002 by golinofr>
Review Markings:

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US Department of State
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOB CANCELS $225 MILLION LOAN AGREEMENTS
TAGS: EFIN, EAID, BL
To: SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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